ENTERED
12/02/2016

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:	§	Chapter 11
CJ HOLDING CO., *et al.*,[1]	§	Case No. 16-33590 (DRJ)
Debtors.	§	Jointly Administered
	§	**Re: Docket No. __**

**ORDER AUTHORIZING THE DEBTORS TO
(A) ENTER INTO CERTAIN AGREEMENTS IN
CONNECTION WITH ANTICIPATED EXIT FINANCING; AND
(B) INCUR AND PAY RELATED FEES, INDEMNITIES AND EXPENSES**

(Docket No. 847)

Upon the motion (the "Motion")[2] of the above-captioned debtors and debtors in possession (collectively, the "Debtors") for entry of an order (this "Order") authorizing the Debtors' entry into the Engagement Letter attached as **Exhibit 1** to this Order, all as more fully set forth in the Motion; and this Court having found that it has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and this Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and this Court having found that this Court may enter a final order consistent with Article III of the United States Constitution; and this Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the relief requested in the Motion

1 The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number (if any), are: CJ Holding Co. (4586); Blue Ribbon Technology Inc. (6338); C&J Corporate Services (Bermuda) Ltd.; C&J Energy Production Services-Canada Ltd.; C&J Energy Services, Inc. (3219); C&J Energy Services Ltd.; C&J Spec-Rent Services, Inc. (0712); C&J VLC, LLC (9989); C&J Well Services Inc. (5684); ESP Completion Technologies LLC (4615); KVS Transportation, Inc. (2415); Mobile Data Technologies Ltd.; Tellus Oilfield Inc. (2657); Tiger Cased Hole Services Inc. (7783); and Total E&S, Inc. (5351). The location of the Debtors' service address is 3990 Rogerdale, Houston, Texas 77042.

2 Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Motion.

is in the best interests of the Debtors' estates, their creditors, and other parties in interest; and this Court having found that the Debtors' notice of the Motion and opportunity for a hearing on the Motion were appropriate under the circumstances and no other notice need be provided; and this Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing, if any, before this Court (the "Hearing"); and this Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before this Court; and after due deliberation and sufficient cause appearing therefor, it is HEREBY ORDERED THAT:

1. Entry into the Engagement Letter is a reasonable exercise of the Debtors' business judgment. The Debtors are authorized to enter into, execute, deliver and perform under the Engagement Letter, including payment of all fees and expenses and incurrence of all indemnification obligations contemplated thereby.

2. The fees and expenses contemplated by the Engagement Letter are actual, necessary costs and expenses of preserving these estates and shall be treated as allowed administrative expenses under section 503(b) of the Bankruptcy Code, without the need for PNC or any other party to file any further motion or application for allowance of such administrative claim, and may be paid without further order of the Court.

3. The Debtors are authorized and directed to take any action that may be required or appropriate to effectuate the execution of the terms set forth in the Engagement Letter.

4. The Engagement Letter has been negotiated in good faith and at arms' length between the Debtors and the parties to such agreements.

5. Notwithstanding Bankruptcy Rule 6004(h) the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

6. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Motion.

7. This Court retains exclusive jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Order.

Signed: December 02, 2016.

DAVID R. JONES
UNITED STATES BANKRUPTCY JUDGE

Exhibit 1

Engagement Letter

PNC

November 21, 2016

C&J Energy Services, Inc.
3990 Rogerdale
Houston, Texas 77042
Attention: Mark Cashiola, Chief Financial Officer and Dean Castleberry, Treasurer

Dear Mark and Dean:

You have requested that PNC Bank, National Association "PNC") provide C&J Energy Services, Inc. ("C&J" and certain of its affiliates, collectively, the "Borrower") with an aggregate of $100,000,000 in senior secured financing, the proceeds of which will be used to (a) fund capital expenditures, and (b) provide for the ongoing working capital needs of the Borrower.

PNC is pleased to present for preliminary discussion purposes only, a proposal to underwrite the senior secured financing of up to $100,000,000 for the purposes set forth above as more fully described in the attached Preliminary Memorandum of Terms and Conditions (the "Preliminary Term Sheet").

PNC reserves the right to syndicate the Credit Facilities (either before or after execution of definitive documentation) with a financial institution or group of financial institutions approved by you (such approval not to be unreasonably withheld). Accordingly, the Borrower hereby represents and covenants that to the best of its knowledge, all written information and data prepared by the Borrower concerning the Borrower or the transactions contemplated hereby (such information and data, the "Information") which is made available in writing to PNC by the Borrower or any authorized representative of the Borrower in connection with the transactions contemplated hereby (as subsequently updated or corrected), will be complete and correct in all material respects and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein in the aggregate, in light of the circumstances under which such statements were made, not materially misleading (it being understood that budgets, forecasts, projections and forward-looking information are based upon good faith estimates and stated assumptions believed to be reasonable and fair as of the date made in light of conditions and facts then known and, as of such date, reflect good faith, reasonable and fair estimates of the information projected for the periods set forth therein). In arranging and syndicating the credit facilities, PNC will be using and relying on the Information without independent verification thereof.

It is understood that this letter and Preliminary Term Sheet merely constitute a statement of suggested terms for discussion with respect to the transactions contemplated hereby, do not contain all matters upon which agreement must be reached in order for the transactions contemplated hereby to be consummated and, therefore, do not constitute a binding commitment with respect to these transactions. PNC will not be deemed to have extended any commitment to the Borrower unless and until (i) a formal commitment letter is issued, or (ii) all of the parties execute and deliver definitive documentation for the Credit Facilities, subject to the conditions contained therein, whichever shall first occur, notwithstanding any deposits received, subsequent conversations, e-mail or correspondence exchanges, draft document exchanges or other communications.

PNC may terminate its obligations under this letter to proceed with the due diligence if the proposed financing is not approved by PNC, if the terms of the transaction are changed in any material respect, if any material information submitted to PNC proves to have been inaccurate or incomplete in any material respect, or if any material adverse change occurs, or any additional information is disclosed to or discovered by PNC, whether prior to Borrower's acceptance of this letter or during the period of such acceptance until the execution of definitive documentation, which PNC deems materially adverse in respect of the condition (financial or otherwise), business, operations, assets, nature of assets, liabilities or prospects of the Borrower or any guarantor.

The Borrower hereby indemnifies and holds harmless PNC and each director, officer, employee and affiliate thereof (each, an "Indemnified Person"), from and against any and all losses, claims, damages, expenses and liabilities incurred by any Indemnified Person that arise out of or relate to any investigation or other proceeding (including any threatened investigation or litigation or other proceedings and whether or not such Indemnified Person is a party thereto) relating to this letter, the Preliminary Term Sheet or the transactions contemplated hereby, including without limitation the reasonable fees and disbursements of counsel (which fees and disbursements will exclude fees and disbursements of in-house counsel incurred in connection with any of the foregoing) but excluding any of the foregoing claimed by any Indemnified Person to the extent incurred by reason of the gross negligence or willful misconduct of such Indemnified Person as determined by a final nonappealable judgment of a court of competent jurisdiction. PNC shall not be responsible or liable to the Borrower or any other person for consequential damages which may be alleged as a result of this letter, the Preliminary Term Sheet or any of the transactions contemplated hereby. The Borrower's obligations under this paragraph shall survive any termination of this letter except that upon the execution of the definitive financing agreements the terms of such agreements shall supersede these provisions.

PNC and Borrower hereby waive any right to trial by jury on any claim, demand, action, or cause of action arising under this proposal letter, the Preliminary Term Sheet, any transaction relating hereto, or any other instrument, document or agreement executed or delivered in connection herewith, whether sounding in contract, tort or otherwise.

In order for PNC to proceed with the credit due diligence investigation, the Borrower hereby agrees to pay PNC $100,000 (the "Deposit Fee") as promptly as practicable following the date hereof (taking into account court procedures relating to the bankruptcy case pending against the Borrower). Such Deposit Fee shall be refundable to the Borrower (less the reasonable and documented out-of-pocket costs and expenses incurred by PNC, including fees and disbursements of outside counsel) only in the event that PNC does not approve this transaction substantially on the terms proposed herein. If PNC's due diligence costs and/or legal fees and expenses exceed the amount of the Deposit Fee, PNC reserves the right to require an increase in the amount of the Deposit Fee to cover such increased costs. In the event that the Borrower does not proceed with the Credit Facility if PNC does receive credit approval, requests PNC to cease seeking credit approval or accepts a commitment from, or otherwise proceeds with a similar financing transaction with another lender or financing source, the Deposit Fee will be deemed earned in its entirety. In addition, the Borrower hereby agrees to pay all reasonable and documented out-of-pocket costs and expenses incurred by PNC, excluding fees and expenses of PNC's inside counsel, but including PNC's outside counsel as well as the reasonable and documented out-of-pocket costs of providing PNC with such appraisal, audits, financial reports and other documents as may be requested in connection with the credit and due diligence investigation. Because PNC will incur these expenses even if no commitment is issued or credit approval received, or the Credit Facility is not consummated for any reason, this expense reimbursement agreement is unconditional. The Borrower acknowledges that PNC, in its sole discretion, may require customer, vendor and credit reference checks as well as liens and tax liens, judgment searches, and background reports of the Borrower, and certain key individuals associated with Borrower.

PNC shall instruct its outside counsel to prepare the documentation for the Credit Facility without PNC's issuance of a commitment letter. In connection therewith, the Borrower agrees that it will pay PNC a deposit for the legal fees and expenses of such outside counsel in the amount of $100,000 (the "Legal Deposit") as promptly as practicable following the date hereof (taking into account court procedures relating to the bankruptcy case pending against the Borrower). Any remaining amount of the Legal Deposit not applied to the fees and expenses described above will be applied to the Closing Fee at closing. The Borrower acknowledges that PNC's acceptance of the Legal Deposit does not in any way (a) constitute a commitment to lend or extend credit, or (b) affect the Borrower's unconditional expense reimbursement obligation set forth above, including without limitation, its obligations to reimburse PNC for any legal fees and expenses in excess of the aggregate of the Deposit Fee and the Legal Deposit.

To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each customer, including organizations and businesses, that open an account. What this means for you: When you open an account, we will ask for your name, address, taxpayer identifying number and other information that will allow us to identify you, such as articles in incorporation. For some businesses and organizations, we may also need to ask for identifying information and documentation relating to certain individuals associated with the business or organization.

We appreciate the opportunity to provide this proposal and look forward to working with you on establishing a successful long-term relationship with your company. We will proceed with the proposed credit and due diligence inquiry after we have received this letter countersigned by Borrower and returned to PNC before the close of business on November 23, 2016. PNC will instruct its outside counsel to proceed with the documentation, and the Borrower shall remit the Deposit Fee and the Legal Deposit as promptly as practicable following the date hereof (taking into account court procedures relating to the bankruptcy case pending against the Borrower).

Notwithstanding anything to the contrary in this letter, PNC acknowledges and agrees that the terms of this letter, including the Borrower's agreement to pay the Deposit Fee and the Legal

Deposit and indemnify and hold harmless the Indemnified Persons as set forth herein, shall be effective only upon approval by the Bankruptcy Court presiding over the bankruptcy case pending against the Borrower. The Borrower agrees to seek such approval as soon as is reasonably practicable upon execution of this letter.

Sincerely,

PNC BANK, NATIONAL ASSOCIATION

By: ____________________

Name: Brian K. Johnson

Title: Senior Vice President

The undersigned agrees to and accepts the expense reimbursement, confidentiality and indemnification provisions set forth above:

C&J ENERGY SERVICES, INC.

By: ____________________

Name: Mark Cashiola

Title: CFO

Borrower's TIN: 20-5673219

PRELIMINARY MEMORANDUM OF TERMS AND CONDITIONS DATED NOVEMBER 21, 2016 FOR C&J ENERGY SERVICES, INC. ("C&J")

THIS IS A PROPOSAL ONLY, NOT A COMMITMENT

Borrower(s): C&J Energy Services, Inc. and certain of its affiliates (collectively, the ("Borrower"). The ultimate "Borrower" shall be determined following legal review of the corporate structure, corporate formation and acquisition agreements.

Guarantor(s): To include all existing and future material domestic subsidiaries of the Borrower.

Agent: PNC Bank, National Association ("PNC" or "Agent").

Lender: PNC Bank, National Association.

Purpose:

(i) Fund capital expenditures.

(ii) Provide for on-going working capital needs.

(iii) General corporate purposes.

Total Financing: Up to $100,000,000 in senior secured financing.

Credit Facilities: The following facility will be made available to the Borrower:

Revolving Credit Facility: An up to $100,000,000 secured revolving credit facility (the "Revolving Credit Facility"), subject to the Borrowing Base set forth below.

Accordion Feature: An uncommitted accordion of up to $70,000,000

Revolving Credit Availability:

Usage under the Revolving Credit Facility shall not exceed the sum of the following (the "Borrowing Base"):

(a) Up to 85% of Eligible Accounts Receivable aged less than 60 days past due (not to exceed 90 days from invoice date), cross aged on the basis of 40% or more past due, plus

(b) Up to 80% of Unbilled Accounts Receivables aged less than 30 days past date of service, plus

(c) The lesser of 50% of Net Book Value of Inventory or 65% of Net Orderly Liquidation of Inventory minus

(d) Applicable reserves.

Availability Block

A $20,000,000 Availability Block will be in effect until the later of (i) delivery of Fiscal Year End 2017 audited financial statements and (ii) such time as company achieves a minimum Fixed Charge Coverage Ratio (including capex) of 1.1x for a trailing twelve month period.

Sub Limits.

1. Letters of Credit to be issued under the Revolving Credit Facility limited to $50,000,000.
2. Swingline loans to be extended under the Revolving Credit Facility limited to $10,000,000.
3. Eligible Unbilled Accounts Receivable limited to $20,000,000.
4. Eligible Inventory limited to $25,000,000.

All criteria for (a) eligible assets, including without limitation the definitions of Eligible Accounts Receivable and Eligible Inventory, (b) advance rates, and (c) applicable reserves and sublimits, shall be determined by Agent in its "Permitted Discretion" (to be defined in the documentation for the Revolving Credit Facility).

Maturity:

Four (4) years from the closing date.

Interest Rates:

The Revolving Credit Facility is subject to the following pricing grid:

Date	TTM Fixed Charge Coverage Ratio	Applicable LIBOR spread
Through 12/31/2017	N/A	L +400 bps
Receipt of FYE 12/31/17 Audit	<1.15x	L +400 bps
Receipt of FYE 12/31/2017 Audit	>1.15x	L+ 350 bps

Interest will be calculated on the daily outstandings on a 360 day year for the actual number of days elapsed and will be due monthly in arrears on the first business day of each month for Base Rate borrowings and on the last day of each interest period for LIBOR Rate borrowings.

The "Base Rate" shall mean, for any day, a fluctuating per annum rate of interest equal to the highest of (i) the interest rate per annum announced from time to time by the Agent at its Principal Office as its then prime rate, which rate may not be the lowest rate then being charged commercial borrowers by the Agent, (ii) the Federal Funds Open Rate plus ½ of 1%, and (iii) the one month LIBOR rate plus 100 basis points (1%).

LIBOR Rate pricing will be adjusted for any statutory reserves.

The Borrower shall pay Letter of Credit fees equal to the applicable spread over LIBOR on the aggregate face amount of the Letters of Credit issued under the Revolving Credit Facility. In addition, the Borrower shall pay a Letter of Credit fronting fee of 0.125% per annum to PNC as the fronting bank, payable quarterly in arrears.

Default Rate: 2.00% over the applicable rate.

Collateral: The Credit Facility will be secured by the following, subject in each case to customary limitations and exclusions (collectively, the "Collateral"):

(i) first priority perfected security interest in all of the Borrower's present and future and wherever located accounts, general intangibles, contract rights, all rights to the payment of money, instruments, documents, chattel paper, inventory and machinery and equipment,

(ii) negative pledge on specific titled vehicles, furniture, fixtures, property and plant, licenses, trademarks, tradenames, patents, copyrights and other assets, and

(iii) first priority perfected security interest in 100% of the member or ownership interests of Borrower in its domestic subsidiaries, whether presently existing or subsequently formed or acquired, and to the extent no adverse tax consequences would result therefrom, a first priority lien on up to 65% of the Borrower's or any domestic subsidiary's existing or subsequently formed or acquired foreign subsidiaries.

Fee Structure:

Deposit Fee: $100,000 due and payable as promptly as practicable following the date hereof (taking into account court procedures relating to the bankruptcy case pending against the Borrower) of which the sum of $3,500.00 shall be applied as an underwriting/due diligence process fee. Such Deposit Fee shall be refundable to the Borrower (less reasonable and documented out-of-pocket costs and expenses incurred by PNC, including, without limitation, the underwriting/due diligence process fee and fees and disbursements of outside counsel (collectively, the "Expenses")) only in the event that the Lender does not approve this transaction substantially on the terms proposed herein. If PNC's Expenses exceed the amount of the Deposit Fee, PNC reserves the right to require an increase in the amount of the Deposit Fee to cover such increased costs. In the event that the Borrower does not proceed with the Credit Facility if PNC does receive credit approval, requests Lender to cease seeking credit approval or accepts a commitment from, or otherwise proceeds with a similar financing transaction with another lender or financing source, the Deposit Fee will be deemed earned in its entirety.

Legal Deposit Fee: The Borrower agrees to have PNC instruct its outside counsel to prepare the documentation for the Credit Facility without PNC's issuance of a commitment letter. Borrower agrees that it will pay PNC a deposit for the legal fees and expenses of such outside counsel in the amount of $100,000 (the "Legal Deposit") as promptly as practicable following the date hereof (taking into account court procedures relating to the bankruptcy case pending against the Borrower). Any remaining amount of the Legal Deposit not applied to the fees and expenses described above will be applied to the Closing Fee at closing. The Borrower acknowledges that PNC's acceptance of the Legal Deposit does not in any way (a) constitute a commitment to lend or extend credit, or (b) affect the Borrower's unconditional expense reimbursement obligation set forth above, including without limitation, its obligation to reimburse PNC for any legal fees and expenses in excess of the aggregate of the Deposit Fee and the Legal Deposit.

Closing Fee: $2,250,000, equal to 2.25% of the Total Financing. The Deposit Fee, as set forth above and in the transmittal letter accompanying this proposal, and the Legal Deposit, less Expenses, shall be credited to the Closing Fee, which shall be payable on the closing date.

Facility Fee: If average utilization of the facility <50%, 100 bps and if average utilization of the facility is > 50%, 75bps. This fee shall be calculated on the basis of a 360 day year for the actual number of days elapsed and will be payable quarterly in arrears.

Collateral Monitoring Fee: $3,000 per month. Field examinations will be charged at PNC's applicable rate, which for examinations performed by PNC is currently an additional $1,000 per person-day, plus expenses and administrative fees. A maximum of 2 field exams per year, springing to 3 field exams per year if Excess Availability falls below 20% of the commitment or $20,000,000.

Collections and Remittances: All customers shall be directed to make remittances to a lockbox or blocked account approved and controlled by Agent. Springing dominon of funds once Excess Availability is less than 20% of the Borrowing Base availability after giving effect to Availability Block.. For the purpose of crediting the Borrower's loan account and calculating interest, all items of payment shall be deemed applied by Agent one (1) business day following the business day of Agent's receipt thereof.

Early Termination Fee: 1.0% of the Total Financing if terminated on or before the first anniversary of the closing date; 0% thereafter.

Expenses: All reasonable and documented out-of-pocket expenses incurred by PNC or the Lender, including, without limitation, the Expenses, and reasonable and documented out-of-pocket legal, accounting, appraisal, audit, searches and the filing and recording of UCC filings and other security interests, and any other reasonable and documented out-of-pocket expenses in reference to structuring, documenting, closing, monitoring or enforcing the agreements shall be for the account of the Borrower and payable at closing and otherwise on demand.

Conditions Precedent to Effectiveness: Including, but not limited to, the following, with all documents to be satisfactory in form and substance to the Agent:

1. No material adverse change in the condition, financial or otherwise, operations, properties, assets or prospects of the Borrower.

2. No material threatened or pending litigation or material contingent obligations.

3. Execution of loan documentation and satisfactory legal review of all documentation.

4. Reserved.

5. Satisfactory asset-based field examination to be completed by examiners selected by Agent.

6. The exercise of commercially reasonable efforts to obtain any landlord's waivers reasonably required by the Agent.

7. Evidence that all actions necessary or, in the opinion of the Agent, desirable, to perfect and protect the security interests of the Lender have been taken.

8. The Borrower will have minimum liquidity (defined as excess revolving credit availability and cash on hand) of at least $175,000,000, after giving effect to Availability Block, at closing after Fees, expenses, advances made at closing, and subtraction of trade payables 60 days or more past due. Such availability to be

evidenced by a Borrowing Base Certificate for the Revolving Credit Facility, satisfactory to the Agent and the Lender.

9. Satisfactory review by the Agent, in its sole discretion, of all material contracts including, but not limited to, vendor supply agreements.

10. Evidence that Borrower is in compliance with all pertinent Federal, State, and local regulations including, but not limited to, those with respect to EPA, OSHA and ERISA.

11. Receipt and satisfactory review of monthly and annual financial projections demonstrating the ability to service the proposed financing.

12. Evidence of cancellation of all commitments from, repayment in full of all indebtedness to, and termination of all existing liens in favor of C&J's existing debtor-in-possession lenders, including delivery of a letter confirming the termination if requested by the Agent.

13. Delivery of evidence of insurance coverage satisfactory to Agent, and a lender's loss payee endorsement, naming the Agent as loss payee or an additional insured, as applicable.

14. Confirmation of C&J's plan to exit Chapter 11 bankruptcy protection including but not limited to a successful rights offering resulting in minimum gross proceeds to C&J of $190,000,000.

15. Satisfactory receipt and review of Eligible Inventory appraisal by appraiser satisfactory to Agent.

Conditions Precedent to Extensions of Credit:

Limited to the following:

1. Accuracy of the representations and warranties contained in the documentation for the Revolving Credit Facility in all material respects (but in all respects if such representation or warranty is qualified by "material" or "material adverse effect"), including the representation that no material adverse effect shall have occurred since the Closing Date.

2. Absence of a default or event of default.

3. Delivery of relevant borrowing notices or letter of credit requests, as applicable; and subject to maximum borrowing thresholds.

Covenants:

Usual and customary covenants including but not limited to maintenance of corporate existence, payment on indebtedness and taxes when due, financial reporting requirements (to include annual audited financial statements of the Borrower, quarterly financial statements for the first three fiscal quarters of each fiscal year, monthly accounts receivable and accounts payable agings, monthly inventory listings, and monthly Borrowing Base certificates (springing to weekly Borrowing Base Certificates if Excess Availability is less than 20% of the Borrowing Base)), delivery of certificate of non-default, limitation on dividends and stock repurchases, limitation on capital expenditures, limitation on other liens or guarantees, limitation on change of control, no change in nature of business, limitations on mergers or acquisitions, no change in fiscal year, no additional subsidiaries, limitation on sale of assets.

Customary restrictions for a transaction of this type and size on investments, restricted payments and capital expenditures, provided that the Borrower and its subsidiaries will be permitted to make unlimited investments, restricted payments and capital expenditures subject to (i) no Event of Default and (ii) either *pro forma* Fixed Charge Coverage Ratio of 1.0x or $100,000,000 of liquidity after giving effect to payments.

A covenant limiting outside debt will be further governed by an agreement allowing Agent to perfect on assets under Negative Pledge once outside debt exceeds $10,000,000.

The covenant limiting capital expenditures will include an annual dollar basket to be agreed, and will allow the amounts under such dollar basket to be carried-forward in respect of subsequent fiscal years.

Financial covenants will be based on a minimum liquidity covenant of $100,000,000 through 12/31/17. Subsequent to 12/31/2017, a springing fixed charge coverage test of 1.0 times, defined as EBITDA less non-financed capital expenditures and cash taxes paid divided by the sum of interest and principal on all indebtedness and dividends paid to shareholders if liquidity falls below $40,000,000.[1]

The documentation for the Revolving Credit Facility will contain a customary equity cure right.

Representations

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[1] NTD: Financial covenant is subject to further discussion upon completion of Borrower model.

and Warranties: Borrower will make such representations and warranties as may be appropriate in Agent's reasonable judgment in light of the proposed transaction and the general circumstances of the Borrower.

Events of Default: Events of default limited to the following (and subject to customary exceptions and grace periods to be agreed):

1) Any non-payment when due of interest and/or principal of any advance, loan or drawing under the Credit Facility, or any fee thereunder. Payment defaults to include violation of the Borrowing Base.

2) Any breach in any material respect of any representation or warranty when made.

3) Any violation in any respect of any affirmative or negative covenant.

4) Any of the security interest or liens granted by the Collateral Documents ceases to be valid, binding and enforceable first priority security interest.

5) Any default related to other material indebtedness by the Borrower which has continued beyond the grace period or for a period of time sufficient to permit the acceleration of such indebtedness.

6) Any bankruptcy, insolvency, reorganization, attachment, receivership or similar proceeding shall be instituted by or against the Borrower or any Guarantor.

7) Any judgment or judgments in the aggregate for the payment of money in excess of $5,000,000 shall be rendered against the Borrower and such judgment or judgments shall be unsatisfied, unvacated or unstayed for a period of 60 days, unless and the Borrower establishes appropriate reserves under GAAP.

Governing Law: New York – submission by Borrower to New York jurisdiction.